

Message Text

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47

ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

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FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 950

UNCLAS FREETOWN 0619

E.O. 11652: N/A

TAGS: EINV SL

SUBJECT: DELAYS IN CURRENCY CONVERSION

REF: (A) STATE 067044 (B) FREETOWN 2116OF OCT 25, 1974

1. QUICK SURVEY OF AMERICAN BUSINESSMEN IN FREETOWN INDICATES THAT DESPITE BALANCE OF PAYMENTS PRESSURES AND CONSEQUENT NEED TO TIGHTEN FOREIGN EXCHANGE SURRENDER PROCEDURES (REF B), REQUESTS FOR TRANSFERS FROM LEONES TO US DOLLARS BY RESIDENT US FIRMS HAVE BEEN PROMPTLY HONORED BY BANK OF SIERRA LEONE FOR ALL PAYMENTS FOR COMMODITY IMPORTS, MANAGEMENT SERVICES AND INTEREST PAYMENTS. ONE FIRM REPORTED A SINGLE INSTANCE OF 3-4 MONTH DELAY FOR DIVIDENDS PAYMENT BUT THIS APPARENTLY CAUSED BY RED TAPE AND FAILURE OF COMPANY TO ADDRESS ISSUE AT APPROPRIATE HIGH LEVEL.

2. BUSINESSMEN SEEM TO SHARE BANK OF SIERRA LEONE GOVERNOR'S VIEW THAT SIERRA LEONE UNUSUAL AS DEVELOPING COUNTRY IN HAVING RELATIVELY FREE EXCHANGE SYSTEM. WITH REFERENCE TO THE RECENT TIGHTENING OF EXCHANGE CONTROLS GOVERNOR SAID IN SPEECH OF JAN 31 THAT THESE ACTIONS TAKEN TO INSURE THAT THE BANK HAS AN ADEQUATE LEVEL OF FOREIGN EXCHANGE TO MEET EXTERNAL COMMITMENTS. HE ASSURED BUSINESSMEN THAT THE BANK WOULD ONLY TAKE THOSE MEASURES DEEMED "ABSOLUTELY NECESSARY" AND PRAISED THE COOPERATION RECEIVED FROM BUSINESSMEN IN IMPLEMENTING THE CURRENT EXCHANGE SURRENDER CONTROLS. IN EMBASSY'S MOST RECENT DISCUSSION WITH BANK, OFFICIALS WERE OPTIMISTIC THAT PRESENT SURRENDER REGULATIONS, AN ANTICIPATED TIGHTENING OF CREDIT, THE REDUCED NEED FOR RICE

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IMPORTS AND THE CONTINUING CAPITAL INFLOWS WOULD COMBINE TO

RELIEVE PRESSURE ON THE BALANCE OF PAYMENTS AND TO MAKE NEW
EXCHANGE CONTROLS UNNECESSARY.
SAMUELS

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NNN

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